

S&P Colombia Select Index Consultation

NEW YORK, JANUARY 11, 2018: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the S&P Colombia Select Index. The proposed changes are summarized below:

Proposed Change	Description
Index Universe	<p>In order to better represent the market, S&P DJI is proposing to change the underlying index universe to all stocks trading on the Colombia Stock Exchange (Bolsa de Valores de Colombia).</p> <p>Currently, the underlying index universe is all stocks in the S&P Colombia BMI that trade on the Bolsa de Valores de Colombia as domestic stocks.</p> <p>As of the last rebalancing in September 2017, the S&P Colombia BMI had 18 stocks, whereas the proposed universe consisted of 25 stocks.</p>
Multiple Share Classes	<p>In order to align the treatment of multiple share classes with all other S&P DJI indices, S&P DJI is proposing to include in the index all share class lines of a company that individually meet the index eligibility criteria. Share class lines not meeting the index eligibility criteria would not be included in the index. Eligible share classes included in the index would be weighted pro-rata based on the combined company-level float-adjusted market capitalization (“FMC”).</p> <p>Currently, each company in the index is represented only once, generally by the most liquid share line. For the retained share class, the FMC is the aggregate FMC of all the company’s share classes.</p>
Weight Capping	<p>In order to reflect weights capped relative to liquidity rather than capping based on a hypothetical basket, S&P DJI is proposing to change the basket liquidity weight cap to a FMC weight with a cap based on liquidity. The maximum weight would be calculated as each security’s 12-month ADVT divided by the sum of the 12-month ADVT for all securities in the index, multiplied by two. If a company’s FMC weight exceeds the maximum weight as described above then that stock would be capped at its maximum weight and the excess weight would be redistributed proportionately to the remaining companies that have not reached their maximum weight.</p> <p>Currently, the minimum initial portfolio size that can be turned over in a single day (based on 12-month ADVT) cannot be lower than COP \$60 billion. For companies with multiple share classes, the index share count is based on the combined float-adjusted shares outstanding and the combined 12-month ADVT is utilized to calculate basket liquidity.</p>
Minimum Company Count	<p>In order to maintain a viable and representative country index, S&P DJI is proposing to introduce a minimum company count at each rebalancing. S&P DJI is considering a minimum company count of 12 or 14. Under this proposal, the liquidity criterion would be relaxed in cases where the number of eligible companies is less than the minimum company count so that the next most liquid company in the index universe meeting all other eligibility criteria would be added to the index until the minimum company count is met.</p> <p>Currently, there is no minimum company count.</p>

WEIGHT CAPPING IMPACT ANALYSIS

The table below shows the actual constituent weights from the September 2017 semi-annual rebalancing as well as the hypothetical weights if the aforementioned proposed weight capping change had been in effect:

Name	RIC	Rebalancing Weights		Difference
		Hypothetical (Proposed Methodology)	Actual (Current Methodology)	
Bancolombia SA Bancolombia Pfd	BIC_p1.CN	12.95%	12.92%	0.04%
Grupo Nutresa S.A.	NCH.CN	5.83%	5.98%	-0.15%
Grupo de Inversiones Suramericana S.A.	SIS.CN	12.95%	13.32%	-0.37%
Ecopetrol SA	ECO.CN	10.84%	9.88%	0.96%
Almacenes Exito SA	IMI.CN	5.16%	4.96%	0.20%
Grupo Argos S.A.	ARG.CN	12.65%	13.10%	-0.45%
Cementos Argos SA	CCB.CN	11.51%	11.87%	-0.36%
Corporacion Financiera Colombiana SA	CFV.CN	3.02%	2.74%	0.28%
Grupo Aval Acciones y Valores Grupo Pfd	GAA_p.CN	6.88%	6.37%	0.51%
Banco Davivienda SA Pfd	DVI_p.CN	4.19%	4.35%	-0.15%
Interconexion Electrica SA ESP	ISA.CN	7.90%	7.99%	-0.09%
CEMEX Latam Holdings SA	CLH.CN	2.72%	2.94%	-0.21%
Avianca Taca Holdings S.A Pfd	AVT_p.CN	1.47%	1.62%	-0.14%
Celsia SA ESP	CEL.CN	1.92%	1.97%	-0.05%

ONE-WAY TURNOVER

The table below shows the actual turnover from the September 2017 semi-annual rebalancing as well as the hypothetical turnover under various scenarios if the aforementioned proposed changes had been in effect:

Scenario	One-Way Turnover
No changes	5.44%
Change to index universe	4.95%
Change to multiple share classes	19.54%
Change to weight capping	1.99%
Change to index universe and multiple share classes	22.25%
Change to index universe and weight capping	4.69%
Change to multiple share classes and weight capping	19.65%
Change to index universe, multiple share classes, and weight capping	21.89%

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposed change to the index universe?
2. Do you agree with the proposed change to the eligibility and inclusion of multiple share classes?
3. Do you agree with the proposed change to the weight capping scheme?
4. Do you agree with the proposed change to establish a minimum company count? If yes, should the minimum number of companies in the index be 12, 14, or other?

CONSULTATION

5. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.¹ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **February 9, 2018**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please respond to S&P DJI at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

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FOR MORE INFORMATION:

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¹ Individual and company names as well as contact details will be redacted.